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XTRA SALARY AND TRANSPARENCY



YEN YOK

HOW MUCH SHOULD FOREIGN TALENT BE PAID?

DR MANOJ THULASIDAS

SINGAPORE needs foreign talent — and there's no need to feel bad about it.

It is a statistical fact of life. For every top Singaporean in any field — be it science, medicine, finance, sports or whatever — we will find about 500 professionals of equal calibre in China and India. Not because we are 500 times less talented, just that they have 500 times more people.

Coupled with overwhelming statistical supremacy, certain countries have special superiority in their chosen or accidental specialisations. We expect to find more hardware experts in China, more software gurus in India, more badminton players in Indonesia, more entrepreneurial spirit and managerial expertise in the West.

We need such experts, so we hire them. But how much should we pay them? That's where economics comes in — demand and supply. We offer the lowest possible package the talent will accept.

I was on an expatriate package when I came to Singapore as a foreign talent. It was a fairly generous package, but cleverly worded so that if I became a "local" talent, I would lose out quite a bit. I did become a local a few years later, and my compensation diminished as a consequence. My talent did not change, just the label from "foreign" to "local".

This experience made me think a bit about the value of talent and the value of labels. These values translate to compensation packages that can be ordered, from high to low, as: Western (Caucasians), Western (of Asian origin), Singaporean, Asian (Chinese, Indian, and so on).

I'm not saying that all Caucasians in Singapore do better than all Indians and Chinese in

terms of income, but the trend is that for the same level of talent, Caucasians tend to be better compensated than their Asian counterparts. Nothing wrong with that — it's all about demand and supply, and the perception of value and such economic fundamentals. Besides, this compensation scheme has worked well for us so far.

However, the locals are beginning to take note of this asymmetric compensation structure. When I was considering hiring a Caucasian, my ex-boss commented: "These *angmohs*, they talk big in meetings and stuff, but don't do any work!"

He may have oversimplified the case; I know many "*angmohs*" who are extremely talented and fully deserve the higher-than-local compensation they enjoy. But this perceived disparity between what the talent is worth and how much it costs (as depicted in the movie *I Not Stupid*) is beginning to hurt employee loyalty, to the extent that firms are experiencing staff retention issues when it comes to local talent.

The solution to this problem is not the stricter enforcement of the confidentiality of salaries, but a more transparent compensation scheme, free of anomalies that can be misconstrued as unfair practices. Otherwise, we may see an increasing number of Asian nationals using Singapore as a stepping stone to greener pastures. Worse, we may see locals seeking level playing fields elsewhere.

Let's hire the much-needed talent whatever it costs; but let's not mistake labels for talent.

The writer is a scientist from the European Organization for Nuclear Research (CERN), who currently heads the Quantitative Analytics team in OCBC.

*He authored the internationally-acclaimed book *The Unreal Universe*, available in local bookstores and at TheUnrealUniverse.com*